

FILE**\$8,000,000****Great Lakes Power Corporation
Limited**

(Incorporated under the laws of the Province of Ontario)

3½% First Mortgage Bonds, Series "A"**\$2,000,000 Serial Bonds****\$6,000,000 Twenty-Year Sinking Fund Bonds**

To be dated December 30th, 1949

To mature December 30th, 1950-59 and 1969

Principal and half-yearly interest (June 30th and December 30th) payable in lawful money of Canada at the holder's option in Toronto, Montreal, Winnipeg, Vancouver, Saint John or Halifax. Bonds in denomination of \$1,000, registrable as to principal only. Redeemable in whole or in part at the option of the Company on not less than thirty days' notice on or before December 30th, 1954 at 103; thereafter on or before December 30th, 1959 at 102; thereafter on or before December 30th, 1964 at 101; and thereafter prior to maturity at 100½; together in each case with accrued interest to date of redemption. A Sinking Fund payable on December 30th, 1960 and on December 30th in each succeeding year up to and including December 30th, 1968, sufficient to redeem \$200,000 principal amount per annum will be provided for the Twenty-Year Sinking Fund Bonds, Series "A".

Trustee: Chartered Trust Company
Toronto and Montreal

In the opinion of Counsel, these Bonds are investments in which The Canadian and British Insurance Companies Act, 1932 (Dominion) as amended states companies registered under it may invest their funds.

Schedule of Maturities

Due December 30th	Amount	Due December 30th	Amount
1950	\$200,000	1955	\$200,000
1951	200,000	1956	200,000
1952	200,000	1957	200,000
1953	200,000	1958	200,000
1954	200,000	1959	200,000

\$6,000,000 Twenty-Year Sinking Fund Bonds due December 30th, 1969

We offer, as principals, the Twenty-Year Sinking Fund Bonds due December 30th, 1969, subject to prior sale or change in price, if, as and when issued and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. J. S. D. Tory, K.C. and Associates, Toronto, and on behalf of the Corporation by Messrs. McMillan, Binch, Wilkinson, Stuart, Berry & Wright, Toronto, upon whose opinion our Counsel will rely as to title of the Corporation to its properties.

Price: 100 and accrued interest yielding 3½%

It is expected that Bonds in interim form will be available for delivery on or about January 5th, 1950.

DEC 5-1950

The following information with regard to Great Lakes Power Corporation Limited has been supplied by the President, John A. McPhail, Esq.

The Business

Great Lakes Power Corporation Limited (hereinafter called "the Corporation") was incorporated under the laws of the Province of Ontario on December 14th, 1949 to acquire substantially all the fixed assets and water power rights of Great Lakes Power Company, Limited (hereinafter called "the Company") which was incorporated in 1931 by way of amalgamation of its predecessor companies one of which was incorporated in 1916. The assets so acquired will be leased to the Company which will continue to operate the public utility. The Corporation will also acquire all the capital stock of the Company.

For more than thirty years the Company and its predecessors have provided the hydro-electric power which has been the basis of the development of industry in the City of Sault Ste. Marie, Ontario, and the surrounding territory.

During the past two years the Company has completed the erection of storage dams on the Montreal River, which has added 70% to the water storage behind both the Montreal River plants enabling them to operate at a high percentage of capacity and having the effect of increasing the ratio of firm power to rated capacity of the plants on this river from 0.846 to 1.082 at the Upper Falls plant and from 0.67 to 0.95 at the Lower Falls plant.

On completion of the present construction programme expected to be finished by November 1950, installed electrical capacity will amount to 108,000 h.p., which will be double the installed electrical capacity of the system as of December 1936. In addition the Company has 12,000 hydraulic h.p.

The main consumers of power are the City of Sault Ste. Marie, which operates a municipal hydro-electric utility that buys power wholesale from the Company and distributes it retail within the municipality, Algoma Steel Corporation Limited, Abitibi Power & Paper Company, Limited, Algoma Ore Properties Limited and Chromium Mining & Smelting Corporation Limited. The Company also provides power for a rapidly expanding retail business in local and rural areas.

The growth and development of the City of Sault Ste. Marie and the industries located therein have been due to the readily available supplies of iron ore and timber, supported by adequate hydro-electric power. In addition, its location at the junction point of the two great inland waterways of Lake Superior and Lake Huron gives it a favourable location for receiving and shipping materials and goods both by water and by rail.

Productive capacity of Algoma Steel Corporation Limited in Sault Ste. Marie comprises approximately one-third of the total basic steel and iron capacity in Canada. Primary productive capacity of Algoma Steel Corporation Limited in 1948 was 1,035,000 net tons of pig iron and 1,000,000 net tons of steel ingots. The pig iron produced is used largely in the production of the steel ingots.

Within the area served by the Company over 550,000 tons of iron ore sinter were produced in 1948 and it is expected that 650,000 tons will be produced in 1949. All of this iron ore sinter was produced by Algoma Ore Properties Limited. New plant and underground development have recently stepped up these operations to a rate of approximately 1,000,000 tons of iron ore sinter annually. Further developments are under consideration by that Company.

Electric sales in 1948 exceeded 392 million kilowatt hours and in 1949 sales have been at a higher level. Gross value of manufactured products in over 50 establishments in the City of Sault St. Marie is presently estimated at \$75,000,000 per annum. Salaries and wages presently being paid by these establishments are estimated at \$18,000,000 per annum.

The population of the City of Sault Ste. Marie has increased from 10,613 in 1912 to 29,600 (estimated) in 1949.

Capitalization

(Upon completion of proposed financing)

	Authorized	To be Outstanding
First Mortgage Bonds.....	\$15,000,000	
3½% Serial Bonds, Series "A".....		\$ 2,000,000
3½% Twenty-Year Sinking Funds Bonds, Series "A".....		\$ 6,000,000
4½% General (Closed) Mortgage Sinking Fund Bonds due December 30th, 1969.....	\$ 4,500,000	\$ 4,500,000
Preference Shares, par value \$25 each, issuable in one or more series...	\$ 5,000,000	
5% Cumulative Redeemable Preference Shares, First Series.....		\$ 1,000,000
Common Shares, no par value.....	500,000 shares	300,000 shares

Purpose of Issue

The proceeds of the issue and sale for cash of the securities shown in the above capitalization table will be used by Great Lakes Power Corporation Limited to acquire substantially all the fixed assets and water power rights of Great Lakes Power Company, Limited and all of its capital stock.

Power Plants

On completion of the present construction programme, the Corporation will own four hydro-electric plants located as follows.

Plant	Developed Capacity
St. Mary's River at Sault Ste. Marie, Ontario.....	31,000 h.p.
Michipicoten River, approximately 112 miles north of Sault Ste. Marie, Ontario.....	High Falls plant—20,000 h.p. New unit under development at High Falls plant—13,000 h.p.*
Montreal River, approximately 58 miles north of Sault Ste. Marie, Ontario ..	Upper Falls—24,000 h.p. Lower Falls—20,000 h.p.
	<u>108,000 h.p.</u>

*This unit is expected to be in operation by the end of 1950.

The Company holds the right to use for power purposes 20,000 cubic feet per second of waters of the St. Mary's River at Sault Ste. Marie, Ontario in perpetuity and the Company holds the additional right until 1952 to 5,000 additional cubic feet per second. On the Michipicoten River, the Company's water power leases extend to February 15th, 1956 with the right to renew for two additional ten year periods. On the Montreal River, the Company's water power leases extend to November 1st, 1960 with the right to renew for an additional thirty years. The water power leases on the Michipicoten River are sufficient for the development of an additional 12,000 h.p. over and above that set forth in the foregoing table. Application is being made to the Ontario Government for extensions in respect of the above mentioned terminable leases with a view to establishing uniformity of termination.

Out of the water rights on the St. Mary's River the Company sells under contract to Abitibi Power & Paper Company, Limited sufficient water to generate 12,000 hydraulic h.p. which Abitibi Power & Paper Company, Limited uses in its Sault Ste. Marie plant. This contract expires in 2010.

At Sault Ste. Marie, the compensating gates across the St. Mary's River make available, as water storage for the St. Mary's River power developments both on the Canadian and United States sides, the waters of Lake Superior which are closely regulated by the International Joint Waterways Commission.

In 1949 the erection of a storage dam was completed on the Michipicoten River, which will enable the Company to operate the Michipicoten plant at a higher capacity for a longer period during the year as well as make provision for the operation of an additional generating unit of 13,000 h.p. now on order for this plant. This unit which is expected to be in operation by the end of 1950, will bring the developed capacity up to 108,000 h.p.

Power Contracts

The City of Sault Ste. Marie, Ontario, which is the largest municipality within the Company's territory, purchases power wholesale from the Company and distributes it retail to local consumers. The power purchased by the City from the Company is currently running at approximately 16,000 h.p. covered by two contracts. The first contract is for 10,000 h.p., extends until February 1958, and is renewable at the option of the City to 1968. The second contract is for up to a maximum of 10,000 h.p. and extends to March 1st, 1959.

Algoma Steel Corporation Limited entered into a ten-year contract for 23,000 h.p. on February 1st, 1949 and is currently using approximately 23,000 h.p.

Algoma Ore Properties Limited has entered into a contract for 7,400 h.p. running for ten years from January 1st, 1949 and is currently using approximately 7,000 h.p.

Abitibi Power & Paper Company, Limited has three contracts with the Company. The first is for the purchase of 7,600 h.p. and the term of the contract extends to 2010. The second is a contract for 7,900 h.p. and extends until December 31st, 1950 with provision for yearly renewals at the option of the customer. The third contract is for sufficient water from the St. Mary's River to generate 12,000 hydraulic h.p. and the term of this contract extends to 2010.

The above power contracts contain varying terms as to the minimum power required to be taken as well as other limitations and restrictions not uncommon in contracts of this nature and are subject to the provisions of the Public Utilities Act, insofar as such Act may be applicable, limiting the period of power contracts to ten years.

Chromium Mining and Smelting Corporation Limited has no formal contract with the Company but an arrangement has been entered into whereby the Company supplies 6,000 firm h.p. and up to a further 20,000 h.p. of secondary power as and when the secondary power is available and needed by Chromium Mining and Smelting Corporation Limited.

Engineers' Valuation

In 1945 the consulting engineering firm of H. G. Acres & Company, Niagara Falls, Ontario was engaged to make a valuation of the properties and assets of the Company. The valuation covered all dams, power houses, generating equipment, transmission lines, and other equipment, all real estate, and all of the Company's intangible assets. The prices used in valuing the physical assets were those existing at December 31st, 1945, and the appraisal of going value and earning value was based largely upon the Company's revenue for the years 1943, 1944 and 1945. On that basis the total value was determined by H. G. Acres & Company in their report to be not less than \$18,500,000. Since December 31st, 1945, the cost of the items entering into the valuation of the physical properties has increased; also, the revenue for the years 1948 and 1949 has exceeded that which was used in arriving at the total value given above. Since December 31st, 1945 the Company has spent in excess of \$1,500,000 on capital assets.

Comparative Statement of Revenues of the Company from Principal Customers

	Actual 1939	Ten Months Actual and Two Months Estimated 1949
Algoma Steel Corporation, Limited.....	\$ 295,081	\$ 536,560
Abitibi Power & Paper Company, Limited.....	270,350	421,118
City of Sault Ste. Marie.....	131,730	335,276
Chromium Mining & Smelting Corporation Limited.....	72,701	255,724
Algoma Ore Properties Limited.....	28,953	158,507
Algoma Central and Hudson Bay Railway Company.....	11,012	25,567
Town of Thessalon (1).....	—	10,400
Renabie Mines Limited (2).....	—	55,789
Roddis Lumber & Veneer Co. of Canada (3).....	—	9,942
Retail Customers in Rural Areas.....	26,224	88,440
Small Power Customers.....	70,246	14,605
	<u>\$ 906,297</u>	<u>\$1,911,928</u>

(1) New customer beginning of 1946.

(2) New customer in 1947.

(3) New customer in 1949.

Earnings

The following report with respect to earnings has been given by the Company's auditors. As the Corporation is a holding company and as the Company is expected to be its only operating subsidiary, the earnings of the Company only are given.

The Directors,
Great Lakes Power Company, Limited,
Sault Ste. Marie, Ontario.

We have examined the books and accounts of Great Lakes Power Company, Limited for the nine years and nine months ended 30th September 1949 and report that, in our opinion, the accompanying statement, subject to the notes thereon, correctly shows the net earnings of the Company for that period according to the information and explanations given to us and as shown by the books of the Company.

Year	Earnings as Defined In Note 1 Below	Provision for Depreciation	Interest on Long-Term Debt	Amortization of Bond Discount and Expense	Provision for Taxes on Income	Net Earnings
1940.....	\$ 858,841	\$223,850	\$279,852	\$18,934	\$122,504	\$213,701
1941.....	974,185	241,828	276,610	18,098	180,607	257,042
1942.....	1,010,676	306,327	274,157	17,268	173,359	239,565
1943.....	977,365	362,818	275,480	16,047	136,184	186,836
1944.....	910,978	359,706	271,685	17,318	119,370	142,899
1945.....	974,216	304,024	266,859	16,697	163,781	222,855
1946.....	925,590	252,484	263,820	16,794	164,046	228,446
1947.....	1,178,534	257,092	275,817	19,052	266,116	360,457
1948.....	1,246,659	259,441	262,890	11,535	264,676	448,117
Nine Months ended 30th Sept. 1949..	1,073,639	207,714	170,157	8,470	273,387	413,911

NOTES:

- The earnings shown in the first column above are net earnings from operations and miscellaneous income after all charges and provisions excepting depreciation, interest on long term debt, amortization of bond discount and expense, taxes on income and certain non-recurring items. These earnings do not include the income of, or dividends received from subsidiary companies, the investments in which are proposed to be sold in December 1949.
- The provision for depreciation for each of the years 1941 to 1945 includes special depreciation as permitted by wartime regulations in the amounts of \$3,585, \$60,192, \$112,956, \$109,371 and \$52,764 respectively for such years.
- Assessments have been received in connection with Dominion taxes on income to and including the year 1948 and the annual provisions shown above have been adjusted to reflect taxes assessed. The provision shown for the nine months ended 30th September 1949 is considered to be adequate for that period. The provisions for Ontario income tax included in the above amounts are also considered to be adequate.
- Bond discount and expense relative to refunded bond issues remaining unamortized as at 31st December 1947 in the amount of \$221,025 was written off to Earned Surplus in the year 1948 and is not charged as an expense in the above summary.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON

Toronto, Ontario
1st December, 1949.

Chartered Accountants.

Interest requirements on the \$8,000,000 3½% First Mortgage Bonds, Series "A" will amount to \$280,000 per annum, which amount will decrease as Serial Bonds are retired.

Security

These Bonds will, in the opinion of counsel, be secured by

(a) a first, fixed and specific mortgage, pledge and charge of and on

(i) all those freehold and leasehold properties (which include hydro-electric power sites and hydro-electric power houses) and water rights owned by Great Lakes Power Company, Limited to be acquired by Great Lakes Power Corporation Limited. The rights of Great Lakes Power Corporation Limited under the lease of these properties to Great Lakes Power Company, Limited mentioned under the heading "The Business" above will be assigned to the Trustee as security for these Bonds but Great Lakes Power Corporation Limited will be entitled until default to retain all rentals payable thereunder.

(ii) all shares (except directors' qualifying shares) of the capital stock of Great Lakes Power Company, Limited now outstanding.

The said security will be expressed to cover all other fixed assets hereafter acquired by Great Lakes Power Corporation Limited and any other shares and/or securities of Great Lakes Power Company, Limited or any other subsidiary other than (i) purchase money mortgages; (ii) notes or other evidences of indebtedness evidencing loans maturing not more than eighteen months from the making thereof incurred by such subsidiary in the ordinary course of business and securities given in respect thereof and (iii) security given by any subsidiary ranking junior to the security for these Bonds.

(b) a first floating charge on the undertaking and all other present and future property and assets of Great Lakes Power Corporation Limited; and

(c) the unconditional guarantee of Great Lakes Power Company, Limited which guarantee will be supported by

(i) a first, fixed and specific mortgage, pledge and charge of and on the interest of Great Lakes Power Company, Limited in the properties comprised in the above mentioned lease and of and on all such freehold and leasehold properties now owned by Great Lakes Power Company, Limited as are not acquired by Great Lakes Power Corporation Limited. The said security for this guarantee will be expressed to cover all other fixed assets hereafter acquired by Great Lakes Power Company, Limited.

(ii) a first floating charge on the undertaking and all other present and future property and assets of Great Lakes Power Company, Limited.

Great Lakes Power Corporation Limited will covenant in the Trust Deed not to permit any subsidiary to create or issue any shares or securities or to dispose of any notes or other evidences of indebtedness of Great Lakes Power Corporation Limited except to Great Lakes Power Corporation Limited or another subsidiary but this covenant will not prevent a subsidiary from (i) giving purchase money mortgages; (ii) issuing notes or other evidences of indebtedness evidencing loans maturing not more than eighteen months after the making thereof incurred by such subsidiary in the ordinary course of business and the giving of security in respect thereof or (iii) giving security ranking junior to the security for these Bonds.

Additional First Mortgage Bonds

The Trust Deed will limit the aggregate principal amount of First Mortgage Bonds to be at any one time outstanding thereunder to \$15,000,000 and will contain provisions for the issue of First Mortgage Bonds in addition to the First Mortgage Serial and Sinking Fund Bonds, Series "A", offered by this prospectus and ranking *pari passu* therewith, provided:

(a) that, while any Series "A" Bonds of this issue are outstanding, such Additional Bonds shall not mature earlier than December 30, 1969 and shall not be entitled to the benefit of a sinking fund greater than $2\frac{1}{2}\%$ per annum of the aggregate principal amount of such Additional Bonds unless the sinking fund for the First Mortgage Sinking Fund Bonds, Series "A" is proportionately increased.

(b) that such Additional Bonds will be issuable for the following purposes only:

(i) to refund, prior to maturity, all or any First Mortgage Bonds theretofore issued and then outstanding under the Trust Deed;

(ii) to replace First Mortgage Bonds theretofore retired or to reimburse the Corporation for expenditures on account of, or to provide the Corporation with the funds required for, additional property (as to be defined in the Trust Deed) provided however that the principal amount of Additional Bonds issued under this sub-paragraph (ii) and outstanding at any one time shall not exceed $66\frac{2}{3}\%$ of the cost or fair value, whichever shall be less, of additional property acquired by the Corporation after December 31, 1949, and provided further that the average annual consolidated net income of the Corporation (after depreciation but before taxes on income and otherwise as to be defined in the Trust Deed) during any twenty-four consecutive calendar months of the thirty calendar months next preceding the issue of any Additional Bonds under this sub-paragraph (ii) (as ascertained and certified by auditors satisfactory to the Trustee, who may be the Corporation's auditors) shall be not less than twice the amount required to meet the annual interest of all First Mortgage Bonds then outstanding under the Trust Deed including the Additional Bonds proposed to be issued.

Great Lakes Power Corporation Limited and Subsidiary Companies

Pro Forma Consolidated Balance Sheet as at 30th September 1949

After giving effect as of that date to various transactions including the following:

1. The incorporation of Great Lakes Power Corporation Limited by the issue of Letters Patent by the Province of Ontario under date of 14th December 1949.
2. The issue and sale of the following securities for an aggregate consideration of \$13,458,000:
 - (a) \$2,000,000 3½% First Mortgage Serial Bonds, Series "A", maturing in annual instalments of \$200,000 on 30th December 1950 to 1959 inclusive
 - (b) \$6,000,000 3½% First Mortgage Twenty-Year Sinking Fund Bonds, Series "A", due 30th December 1969
 - (c) \$4,500,000 4½% General (Closed) Mortgage Sinking Fund Bonds due 30th December 1969
 - (d) 40,000 5% Cumulative Redeemable Preference Shares, First Series, having a par value of \$25 each
 - (e) 300,000 Common Shares without par value.
3. The purchase by Great Lakes Power Corporation Limited of the utility plant of Great Lakes Power Company, Limited for \$13,161,953.
4. The acquisition by Great Lakes Power Corporation Limited of all the outstanding capital stock of Great Lakes Power Company, Limited for an aggregate consideration of \$7,750,000.
5. The sale by Middle West Utilities Company of Canada Limited of marketable securities for \$996,557.
6. The sale by Great Lakes Power Company, Limited of its investments in certain subsidiary companies for \$527,720.
7. The payment by Middle West Utilities Company of Canada Limited of a cash dividend of \$1,250,000 and the subsequent acquisition by Great Lakes Power Company, Limited of all the outstanding capital stock of Middle West Utilities Company of Canada Limited for \$7,450,000.
8. The redemption of all the outstanding bonds of Great Lakes Power Company, Limited at 102½.
9. Estimated expenses of \$75,000 in connection with the foregoing.

ASSETS

UTILITY PLANT—at cost.....	\$13,161,953
CURRENT ASSETS:	
Cash.....	\$789,258
Marketable securities having an approximate market value of \$7,900.....	6,358
Accounts receivable.....	\$166,506
Less—Reserve for uncollectible accounts.....	1,958
	164,548
Materials and supplies, priced at not exceeding cost.....	45,466
Prepayments.....	42,806
	1,048,436
DEFERRED CHARGES:	
Bond discount and expense.....	367,000
Preferred stock commission.....	50,000
	417,000
	<u>\$14,627,389</u>

LIABILITIES

CAPITAL STOCK:	
Preference Stock, having a par value of \$25 per share, issuable in one or more series	
Authorized—200,000 shares—issued 40,000 5% Cumulative Redeemable Preference Shares, First Series.....	\$ 1,000,000
Common Stock without par value—authorized 500,000 shares—issued 300,000 shares.....	300,000
	\$ 1,300,000
LONG TERM DEBT:	
First Mortgage Bonds (Authorized \$15,000,000)	
3½% First Mortgage Serial and Sinking Fund Bonds, Series A, composed of—	
Serial Bonds maturing in annual instalments of \$200,000 on 30th December 1950 to 1959, inclusive.....	2,000,000
Sinking Fund Bonds due 30th December 1969.....	6,000,000
	8,000,000
4½% General (Closed) Mortgage Sinking Fund Bonds due 30th December 1969—authorized and issued.....	4,500,000
	12,500,000
CURRENT LIABILITIES:	
Accounts payable.....	61,151
Amounts payable under equipment purchase contracts.....	207,753
Customers' deposits.....	6,165
Accrued taxes.....	414,715
Other.....	20,108
	709,892
DEFERRED LIABILITIES:	
Customers' advances for construction.....	110,403
Customers' advance billings.....	7,094
	117,497

Approved on behalf of the Board:

(Signed) JNO. A. McPHAIL, Director.

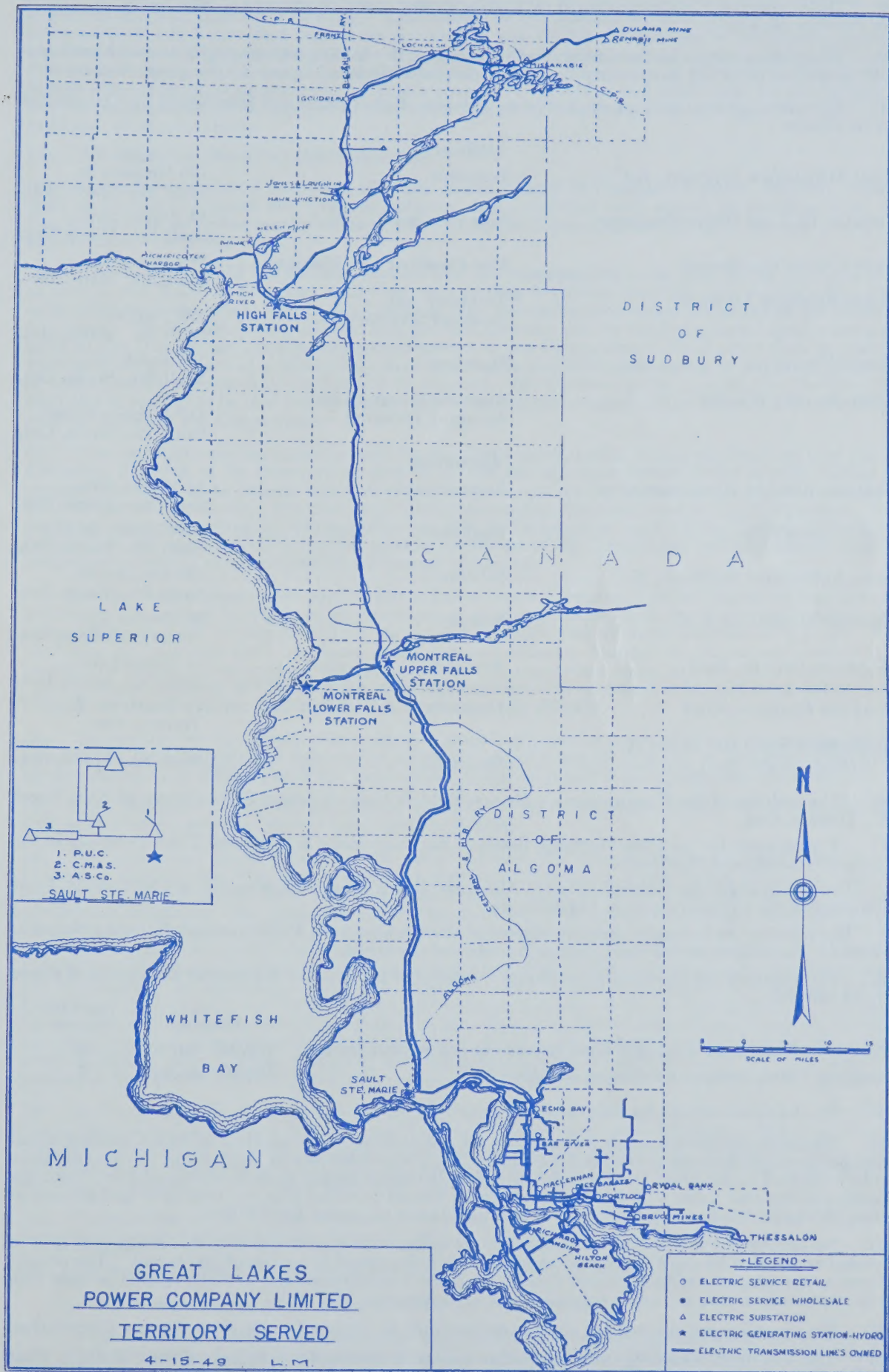
(Signed) F. E. HOLLINGSWORTH, Director.

The Directors,
Great Lakes Power Corporation Limited,
Sault Ste. Marie, Ontario.

We have examined the accompanying pro forma consolidated balance sheet of Great Lakes Power Corporation Limited and its subsidiary companies and report that, in our opinion, it presents fairly the financial position of the companies as of 30th September 1949, after giving effect as of that date to the incorporation of Great Lakes Power Corporation Limited and the other transactions set forth in the heading of this pro forma consolidated balance sheet, according to the best of our information and the explanations given to us.

Toronto, Ontario,
15th December 1949.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants.



Statutory Information

(a) The full name of the Corporation is Great Lakes Power Corporation Limited. The address of the head office is Sault Ste. Marie, Ontario.

(b) The Corporation was incorporated by Letters Patent dated December 14, 1949, under the laws of the Province of Ontario.

(c) The general nature of the Corporation's business is the holding and leasing of freehold and leasehold properties including particularly hydro-electric power sites and hydro-electric power houses.

(d) The names, present occupations and home addresses of the Officers and Directors of the Corporation are as follows:

Officers

JOHN ALEXANDER MCPHAIL, K.C.	President	135 Simpson St., Sault Ste. Marie, Ont.
FREMLIN EDWARD HOLLINGSWORTH	Vice-President	64 Borron Ave., Sault Ste. Marie, Ont.
BERT CALVIN GARTSHORE	Vice-President and Manager	349 Morin St., Sault Ste. Marie, Ont.
JAMES RICKMAN ANDREWS	Treasurer and Assistant Secretary	139 Pim St., Sault Ste. Marie, Ont.
ETHEL HUGILL	Secretary	171 Brock St., Sault Ste. Marie, Ont.
CECIL ROBERT WALTON	Assistant Secretary and Assistant Treasurer	110 Bishop's Court, Sault Ste. Marie, Ont.

Directors

FREMLIN EDWARD HOLLINGSWORTH	Lumberman	64 Borron Ave., Sault Ste. Marie, Ont.
JOHN LEIFER LANG	Engineer	1085 Queen St. E., Sault Ste. Marie, Ont.
JOHN ALEXANDER MCPHAIL, K.C.	Solicitor	135 Simpson St., Sault Ste. Marie, Ont.
GORDON McMILLAN, K.C.	Solicitor	98 Dunloe Rd., Forest Hill Village, Ont.
KENNETH GEORGE ROSS	Engineer	17 Summit Ave., Sault Ste. Marie, Ont.
WILLIAM PEARSON SCOTT	Financier	73 Heath St. W., Toronto, Ont.
ALEXANDER SINCLAIR, M.R.C.S. (Eng.), F.A.C.S.	Surgeon	Sault Ste. Marie, Ont.

(e) The auditors of the Corporation are Messrs. Riddell, Stead, Graham & Hutchison, 66 King Street W., Toronto, Ont.

(f) The registrar for the First Mortgage Bonds of the Corporation is Chartered Trust Company in the Cities of Toronto and Montreal.

The registrar for the General (Closed) Mortgage Bonds of the Corporation is The Canada Trust Company in the Cities of Toronto and Montreal.

The registrar and transfer agent in respect of the Corporation's Preference and Common Shares is Montreal Trust Company in the Cities of Toronto and Montreal.

(g) Particulars of the share capital authorized, issued and paid-up and the number and classes of shares are as follows:

	Authorized	Issued and Paid-up
Preference Shares, par value \$25 each, issuable in one or more series..	200,000 shares	nil
Common Shares without nominal or par value.....	500,000 shares	7

(h) No shares are offered by this Prospectus.

(i) No bonds, debentures or other securities are outstanding or proposed to be issued ranking ahead of or pari passu with the securities hereby offered. The Corporation has the right, subject to the provisions to be contained in the Trust Deed securing the First Mortgage Bonds, to issue additional First Mortgage Bonds ranking pari passu with the securities hereby offered provided that the total principal amount of First Mortgage Bonds outstanding at any one time is not to exceed \$15,000,000.

(j) No substantial indebtedness not shown in the balance sheet accompanying this Prospectus is to be created or assumed by the Corporation except as otherwise stated in paragraph (u) hereof. The present construction program of Great Lakes Power Company, Limited expected to be completed in 1950 will, it is estimated, require a further expenditure of approximately \$550,000.

(k) No securities are covered by options outstanding or proposed to be given by the Corporation.

(l) The securities offered by this Prospectus consist of \$8,000,000 principal amount of 3½% First Mortgage Serial and Sinking Fund Bonds, Series "A", which the Corporation has agreed to sell to Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited at \$98.60 per \$100 principal amount plus accrued interest, if any, to date of delivery payable in cash against delivery thereof. The price payable by the public is as shown on the face of this Prospectus to which reference is hereby expressly made.

(m) The net proceeds to be derived by the Corporation from the sale of the securities offered by this Prospectus on the basis of same being fully taken up and paid for are \$7,888,000.

(n) The proceeds of sale of the securities offered by this Prospectus will be used to satisfy in part the price payable by the Corporation for substantially all of the fixed assets and water power rights of Great Lakes Power Company, Limited which are to be acquired by the Corporation for \$13,161,953 cash subject to minor adjustment on closing. The balance of the amount required to pay for the assets so to be acquired will be satisfied out of the proceeds of sale by the Corporation of \$4,500,000 principal amount of General Mortgage Bonds of the Company at \$96 per \$100 principal amount, 40,000 Preference Shares, First Series, of the par value of \$25 each at par less a commission of 5% and 300,000 Common Shares without nominal or par value at \$1 per share. No provision has been made for the holding in trust of the proceeds of the issue of the securities offered by this Prospectus pending or subject to the fulfilment of any conditions.

(o) No shares are offered by this Prospectus.

(p) By Agreement dated December 15, 1949, Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited have agreed to purchase from the Corporation the securities hereby offered at \$98.60 per \$100 principal amount plus accrued interest, if any, to date of delivery.

(q) The By-laws of the Corporation provide that the remuneration to be paid to the Directors shall be such as the Board of Directors shall from time to time determine and that such remuneration shall be in addition to the salary paid to any Officer of the Corporation who is also a member of the Board of Directors. The By-laws further provide that the Directors may also by resolution award special remuneration to any Director undertaking any special service on the Corporation's behalf other than the routine work ordinarily required of a Director by the Corporation and that confirmation of any such resolution or resolutions by the shareholders shall not be required. The By-laws further provide that the Directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

(r) The aggregate remuneration payable by the Corporation during its current financial year ending December 31, 1949 to its Directors as such is nil, and the aggregate remuneration payable during its current financial year to Officers who individually may be entitled to receive remuneration in excess of \$10,000 per annum is nil. For the immediately succeeding financial year of the Corporation, it is estimated that the aggregate remuneration payable to Directors as such of the Corporation will be nil and that the aggregate remuneration payable to Officers of the Corporation who individually may be entitled to receive in excess of \$10,000 per annum will be nil.

The aggregate remuneration paid by Great Lakes Power Company, Limited during its last financial year ended December 31, 1948, to its Directors as such was \$8,600 and the aggregate remuneration estimated to be paid or payable during its current financial year to such Directors is \$11,000. The aggregate remuneration paid by Great Lakes Power Company, Limited to officers who individually received remuneration in excess of \$10,000 per annum during its last financial year ended December 31, 1948, was approximately \$17,000 and the aggregate remuneration estimated to be paid or payable to such Officers during its current financial year is approximately \$28,000.

(s) No amount has been paid within the two preceding years or is payable as a commission by the Corporation for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Corporation except as stated in paragraph (za) (2) hereof.

(t) The estimated amount of preliminary expenses of the Corporation (exclusive of debt discount and expense and preference share commission) is \$75,000.

(u) By Agreement dated December 15, 1949, between the Corporation and Great Lakes Power Company, Limited, the Corporation agreed to purchase from Great Lakes Power Company, Limited substantially all the latter's fixed assets and water power rights for \$13,161,953 cash subject to minor adjustment on closing. By Agreement dated December 19, 1949, between the Corporation and Middle West Utilities Company of Canada Limited, the Corporation agreed to purchase from Middle West Utilities Company of Canada Limited all the issued and outstanding shares of the capital stock of Great Lakes Power Company, Limited in consideration of the sum of \$300,000 cash and a note of the Corporation for \$7,450,000. By Agreement dated December 19, 1949, between Great Lakes Power Company, Limited, of the one part, and Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited, of the other part, Great Lakes Power Company, Limited agreed to purchase from the parties of the other part all the issued and outstanding shares of the capital stock of Middle West Utilities Company of Canada Limited for \$7,450,000 cash. All right, title and interest of the vendors in and to the subject matter of these Agreements will be acquired by the purchaser.

(v) Reference is made to paragraph (u) of this Statutory Information. The address of Great Lakes Power Company, Limited and Middle West Utilities Company of Canada Limited, is Sault Ste. Marie, Ontario. The address of Wood, Gundy & Company Limited is 36 King St. W., Toronto, Ontario. The address of McLeod, Young, Weir & Company Limited is 50 King St. W., Toronto, Ontario. The address of Cochran, Murray & Co. Limited is 68 Yonge St., Toronto, Ontario.

(w) No securities of the Corporation have within the two years preceding the date of this Prospectus been issued or agreed to be issued as fully or partly paid-up otherwise than in cash.

(x) The First Mortgage Bonds will, in the opinion of counsel, be secured by

(a) a first, fixed and specific mortgage, pledge and charge of and on

(i) all those freehold and leasehold properties (which include hydro-electric power sites and hydro-electric power houses) and water rights owned by Great Lakes Power Company, Limited to be acquired by Great Lakes Power Corporation Limited. The rights of Great Lakes Power Corporation Limited under the lease of these properties to Great Lakes Power Company, Limited mentioned under the heading "The Business" above will be assigned to the Trustee as security for the First Mortgage Bonds but Great Lakes Power Corporation Limited will be entitled until default to retain all rentals payable thereunder.

(ii) all shares (except directors' qualifying shares) of the capital stock of Great Lakes Power Company, Limited now outstanding.

The said security will be expressed to cover all other fixed assets hereafter acquired by Great Lakes Power Corporation Limited and any other shares and/or securities of Great Lakes Power Company, Limited or any other subsidiary other than (i) purchase money mortgages; (ii) notes or other evidences of indebtedness evidencing loans maturing not more than eighteen months after the making thereof incurred by said subsidiary in the ordinary course of business and securities given in respect thereof and (iii) security given by any subsidiary ranking junior to the security for the First Mortgage Bonds.

(b) a first floating charge on the undertaking and all other present and future property and assets of Great Lakes Power Corporation Limited; and

(c) the unconditional guarantee of Great Lakes Power Company, Limited which guarantee will be supported by

(i) a first, fixed and specific mortgage, pledge and charge of and on the interest of Great Lakes Power Company, Limited in the properties comprised in the above mentioned lease and of and on all such freehold and leasehold properties now owned by Great Lakes Power Company, Limited as are not acquired by Great Lakes Power Corporation Limited. The said security for this guarantee will be expressed to cover all other fixed assets hereafter acquired by Great Lakes Power Company, Limited.

(ii) a first floating charge on the undertaking and all other present and future property and assets of Great Lakes Power Company, Limited.

The Corporation will covenant in the Trust Deed not to permit any subsidiary to create or issue any shares or securities or to dispose of any notes or other evidences of indebtedness of Great Lakes Power Corporation Limited except to the Corporation or another subsidiary but this covenant will not prevent a subsidiary from (i) giving purchase money mortgages; (ii) issuing notes or other evidences of indebtedness evidencing loans maturing not more than eighteen months after the making thereof incurred by such subsidiary in the ordinary course of business and the giving of security in respect thereof or (iii) giving security ranking junior to the security for the First Mortgage Bonds.

The Trust Deed will limit the aggregate principal amount of First Mortgage Bonds to be at any one time outstanding thereunder to \$15,000,000 and will contain provisions for the issue of First Mortgage Bonds in addition to the First Mortgage Serial and Sinking Fund Bonds, Series "A" offered by this Prospectus and ranking *pari passu* therewith, provided:

(a) that, while any Series "A" Bonds of this issue are outstanding, such Additional Bonds shall not mature earlier than December 30, 1969 and shall not be entitled to the benefit of a sinking fund greater than $2\frac{1}{2}\%$ per annum of the aggregate principal amount of such Additional Bonds unless the sinking fund for the First Mortgage Sinking Fund Bonds, Series "A" is proportionately increased.

(b) that such Additional Bonds will be issuable for the following purposes only:

(i) to refund, prior to maturity, all or any First Mortgage Bonds theretofore issued and then outstanding under the Trust Deed;

(ii) to replace First Mortgage Bonds theretofore retired or to reimburse the Corporation for expenditures made on account of, or to provide the Corporation with the funds required for, additional property (as to be defined in the trust deed) provided however that the principal amount of Additional Bonds issued under this sub-paragraph (ii) and outstanding at any one time shall not exceed $66\frac{2}{3}\%$ of the cost or fair value, whichever shall be less, of additional property acquired by the Corporation after December 31, 1949, and provided further that the average annual consolidated net income of the Corporation (after depreciation but before taxes on income and otherwise as to be defined in the Trust Deed) during any twenty-four consecutive calendar months of the thirty calendar months next preceding the issue of any Additional Bonds under this sub-paragraph (ii) (as ascertained and certified by auditors satisfactory to the Trustee, who may be the Corporation's auditors) shall be not less than twice the amount required to meet the annual interest of all First Mortgage Bonds then outstanding under the Trust Deed, including the Additional Bonds proposed to be issued.

(y) No services have been or are to be rendered to the Corporation other than in the ordinary course of business which are to be paid for by the Corporation wholly or partly out of the proceeds of the securities hereby offered or have been within the last two preceding years or are to be paid for by securities of the Corporation exclusive of the commission mentioned under paragraph (za) (2) of this Statutory Information and preliminary expenses of the Corporation estimated at \$75,000.

(z) Subject to paragraphs (u) (za) and (zb) no amount has been paid within the two preceding years or is intended to be paid by the Corporation to any promoter.

(za) (1) Reference is made to the Agreements mentioned in paragraph (u) of this Statutory Information and to the power contracts mentioned under the heading "Power Contracts" above.

(2) By Agreements dated December 15, 1949, between Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited, of the first part, and the Corporation, of the second part, the parties of the first part agreed to purchase from the Corporation

(i) \$8,000,000 principal amount of $3\frac{1}{2}\%$ First Mortgage Serial and Sinking Fund Bonds, Series "A", of the Corporation at \$98.60 per \$100 principal amount.

(ii) \$4,500,000 principal amount of $4\frac{1}{2}\%$ General (Closed) Mortgage Sinking Fund Bonds of the Corporation at \$96 per \$100 principal amount.

(iii) 40,000 5% Cumulative Redeemable Preference Shares, First Series, of the capital stock of the Corporation having a par value of \$25 each at par less a commission of 5%.

By Agreement dated December 15, 1949 between Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited of the first part and the Corporation of the other part, the parties of the first part agreed to purchase from the Corporation at \$1 per share such of 300,000 common shares of the Corporation as are not prior to December 30, 1949 subscribed for by others.

By indenture of lease dated as of December 30th, 1949 between the Corporation and Great Lakes Power Company, Limited, the Corporation will lease the assets to be acquired by it from Great Lakes Power Company, Limited to Great Lakes Power Company, Limited at an annual rental of \$920,000 for a term of twenty-one years (subject to termination by the Corporation on thirty days' written notice) commencing December 30, 1949.

By Agreement dated December 15, 1949 between Great Lakes Power Company, Limited of the first part and Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited, Cochran, Murray & Co. Limited of the second part, the parties of the second part agreed to the purchase from the party of the first part of certain unlisted shares and securities at book value, viz. \$527,720.

By Agreements dated December 15 and 16, 1949 between Middle West Utilities Company of Canada Limited of the first part and Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray & Co. Limited of the second part the parties of the second part agreed to the purchase from the party of the first part of certain listed shares at prevailing market value, viz. \$895,320.

Great Lakes Power Company, Limited has within the two preceding years entered into the under-mentioned contracts:

Name and Address of Vendor	Materials & Equipment, Etc.	Date of Purchase	Amount	Purpose Used
Algoma Central & Hudson Bay Rlwy. Co., Sault Ste. Marie, Ontario	Telephone, express, freight, passenger travel, and materials.	Jan. /48-Oct. /49.....	\$ 42,466....	Construction and Operation
Algoma Steel Corporation, Ltd. Sault Ste. Marie, Ontario.....	Reinforcing steel for concrete dam	Jan. /48-Aug. /49....	32,487....	Construction and Operation
Aluminum Company of Canada, Ltd., Montreal, Quebec.....	Cable, reels and pole-line hardware.....	Feb. /48-Oct. /49.....	34,196....	Construction, Stores and Operation
Canada Tree Experts, Sault Ste. Marie, Ontario.....	Clearing flooded area and Brush cutting.....	Feb. /48-Sept. /49....	194,150....	Dam Construction and Operation
Canadian General Electric Co. Ltd., Toronto, Ontario.....	*Generator Progress Payments.....	Dec. /48-Oct. /49.....	83,754....	Construction 3rd Unit Michipicoten Falls
I. J. Downey & Sons Limited, Sault Ste. Marie, Ontario.....	Cement.....	Feb. /48-Mar. /49....	23,229....	Construction of dam
Harza Engineering Company, 400 West Madison St., Chicago, Ill.	Engineering Fees & Expense.	Jan. /48-Oct. /49.....	71,104....	Construction and Maintenance
Langdon and Samson, P.O. Box 101, Sault Ste. Marie, Ontario.	Labour and materials	July /48-May /49....	62,088....	New Office Bldg. and garage
Lyons Fuel Hardware & Supplies Limited, Sault Ste. Marie, Ontario.....	Cement.....	Jan. /48-Oct. /49.....	34,036....	Construction
	Miscellaneous Hardware.....	Jan. /48-Oct. /49.....	22,576....	Construction and Operation
Moloney Electric Co. of Canada Ltd., 213-219 Sterling Rd. Toronto, Ontario.....	Transformers	Jan. /48-Oct. /49.....	45,380....	Construction and Maintenance
Northern Electric Co. Ltd. Toronto, Ontario.....	Electrical Equipment.....	Jan. /48-Oct. /49.....	45,571....	Construction and Stores and Accounts Receivable
Soo Equipment & Supply Co. Ltd., 114 Tancred St., Sault Ste. Marie, Ontario.....	Tractor, Truck, shovel, bucket, etc.....	Nov. /48-Oct. /49....	53,752....	Construction
Soo Mill and Lumber Co. Limited, Sault Ste. Marie, Ontario.....	Lumber.....	Jan. /49-Oct. /49.....	37,722....	Construction
Trans-Canada Contracting Co. Limited, Room No. 6 McMurchy Building, 348 Fraser St. North Bay, Ontario.	Clearing Manitowic Lake....	June /49-Nov. /49....	142,878....	Dam Construction

NOTE: *This is the amount of Generator Progress Payments made under C.G.E. Purchase Contract for Approximately \$152,279.

By Agreement dated July 20th, 1949, Great Lakes Power Company, Limited agreed to allot and issue to Middle West Utilities Company of Canada Limited 22,469 Common Shares of the capital stock of Great Lakes Power Company, Limited at \$2,249,620, payable as to \$1,000,000 in cash and as to the balance by the transfer of certain shares and other property and cancellation of certain notes.

Copies of the above-mentioned Agreements and Contracts may be inspected within reasonable business hours during the period of primary distribution to the public of the securities hereby offered at the offices of Messrs. J. S. D. Tory, K.C. and Associates, 50 King Street West, Toronto, Ontario.

There are numerous other contracts and purchase orders involving amounts amounting in the aggregate to approximately \$275,000, but all of which involve comparatively minor amounts and are not considered material in connection with the purchase of the Bonds offered by this Prospectus.

(zb) One of the Directors of the Corporation, Mr. W. P. Scott, is a Director and Shareholder of Wood, Gundy & Company Limited and reference is hereby made to paragraphs (u) and (za) of this Statutory Information as to the interest of Wood, Gundy & Company Limited in the promotion of and in property proposed to be acquired by the Corporation. It is expected that certain individual shareholders of Wood, Gundy & Company Limited, McLeod, Young, Weir & Company Limited and Cochran, Murray

& Co. Limited and others, will subscribe for and take up at \$1.00 per share a substantial number of Common Shares of the capital stock of the Corporation.

(zc) The Corporation has carried on business since December 14, 1949.

(zd) No shares are offered by this Prospectus.

(ze) No securities of the Corporation are held in escrow.

(zf) No shares are offered by this Prospectus.

(zg) As mentioned in the accompanying pro forma consolidated balance sheet as at 30th September, 1949, a cash dividend of \$1,250,000 will be paid by Middle West Utilities Company of Canada Limited prior to acquisition by Great Lakes Power Company, Limited of all the outstanding capital stock of Middle West Utilities Company of Canada Limited.

Also as mentioned in the said balance sheet the outstanding bonds of Great Lakes Power Company, Limited will be redeemed at 102½.

As the Corporation was incorporated on 14th December, 1949, and has no assets or liabilities other than in respect of incorporators' shares, no actual balance sheet of the Corporation is included in this Prospectus.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 44 of The Securities Act, 1947 (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DATED at Toronto, December 28th, 1949.

Directors

(Signed) K. G. ROSS

(Signed) JNO. A. MCPHAIL

(Signed) JOHN L. LANG

(Signed) F. E. HOLLINGSWORTH

(Signed) W. P. SCOTT

(Signed) A. SINCLAIR

(Signed) GORDON McMILLAN

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 44 of The Securities Act, 1947 (Ontario) and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

NAME OF UNDERWRITERS

WOOD, GUNDY & COMPANY LIMITED

By (Signed) D. R. WALKER

J. H. Gundy, C. L. Gundy, H. W. Lofft, W. N. McIlwraith, W. P. Scott, A. H. Williamson and D. R. A. Walker.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

By (Signed) J. H. RATCLIFFE

D. I. McLeod, W. E. Young, J. G. Weir, J. H. Ratcliffe, W. H. R. Jarvis, H. S. Backus, T. F. Moore, R. A. Jarvis and F. O. Evans.

COCHRAN, MURRAY & CO. LIMITED

By (Signed) H. E. COCHRAN

H. E. Cochran, H. W. Murray, S. B. G. Denton, R. R. Labatt and M. F. Newman.